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1942

Report to Stockholders

THE NATIONAL TOOL COMPANY

CLEVELAND

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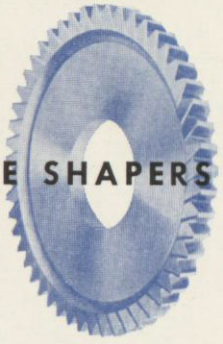
ANNUAL REPORT

FOR THE YEAR 1942



TOOLS ARE THE SHAPERS OF PROGRESS

THE NATIONAL TOOL COMPANY . . . CLEVELAND

DIRECTORS

ARTHUR J. BRANDT . . . . . Detroit, Michigan
President, The National Tool Company

LEWIS F. JUBENVILLE . . . . . Pontiac, Michigan
Partner, A. J. Brandt & Company

SAMUEL J. KORNHAUSER . . . . . Cleveland, Ohio
Executive Vice President, The National Tool Company

J. VICTOR LOEWI . . . . . Milwaukee, Wisconsin
President, Loewi & Company

JOHN S. PEARSON . . . . . New York City
Dobbs & Company

LEO M. PROSSER . . . . . Cleveland, Ohio
Treasurer, The National Tool Company

LIONEL A. SCHMIDT . . . . . Cleveland, Ohio
Vice President, The National Tool Company

RALPH R. TODD . . . . . Cleveland, Ohio
Factory Manager, The National Tool Company

WILLIAM F. WISE . . . . . Detroit, Michigan
Executive Vice President, The Aviation Corporation

OFFICERS

ARTHUR J. BRANDT . . . . . Detroit, Michigan
President

SAMUEL J. KORNHAUSER . . . . . Cleveland, Ohio
Executive Vice President

LEWIS F. JUBENVILLE . . . . . Pontiac, Michigan
Vice President

LIONEL A. SCHMIDT . . . . . Cleveland, Ohio
Vice President

LEO M. PROSSER . . . . . Cleveland, Ohio
Treasurer

SAMUEL J. KORNHAUSER . . . . . Cleveland, Ohio
Secretary

LEWIS M. SHAFER . . . . . Cleveland, Ohio
Assistant Secretary and Treasurer

* * * *

RALPH R. TODD . . . . . Cleveland, Ohio
Factory Manager

EDWARD G. HARDIG . . . . . Cleveland, Ohio
Sales Manager

REGISTRAR OF STOCK CENTRAL NATIONAL BANK, Cleveland, Ohio

TRANSFER AGENT OF STOCK THE NATIONAL TOOL COMPANY, Cleveland, Ohio

ANNUAL REPORT

TO THE SHAREHOLDERS OF THE NATIONAL TOOL COMPANY

FOREWORD Thirty-eight years ago, Edward A. Noll founded The National Tool Company. In him were united uncommon technical skill, leadership and vision. He foresaw the important part which special metal cutting tools, made of alloy steel, would play in the vast industrial expansion which was in prospect. So he determined to devote himself to establishing means whereby cutters could be produced to meet all the various problems which would continually arise as inventive genius and mechanical ingenuity devised new products, or new and better ways of making the old.

Although the small and precarious enterprise which he launched with meager capital has grown into a large and stable institution, there has been no departure from the original concept of special metal cutting tools as the basis of the business. This Company has become the largest which devotes substantially its entire energies to the manufacture of special metal cutting tools. How vital and indispensable such tools are, both in war and peace, has been amply demonstrated.

TOOLS FOR WAR AND PEACE

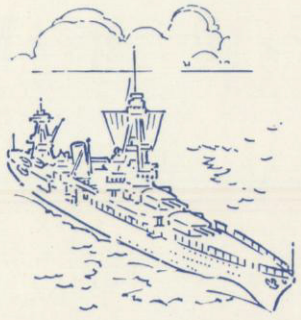
Since our country was attacked, nothing, public or private, has been left untouched by the exigencies of the War. Individuals, business institutions and public officials have been forced to adjust themselves to unusual conditions. When the first shots were fired at Pearl Harbor, the growing menace to this Nation crystallized into imminent desperate peril. But the first shock had scarcely passed, when all true Americans resolved to devote every effort and resource at their command to the utter destruction and external extirpation of the forces and influences which had brought this calamity of war upon us.

We are proud that this Company has made a distinct and abundant contribution to the momentous results achieved. The one uppermost thought which has actuated us, and must continue to actuate us, is decisive, complete victory at the earliest possible moment. We have devoted every resource and energy of the Company exclusively to the production of tools required for making all kinds of implements of war: aircraft, artillery, tanks, rifles, ammunition, ships, and everything that goes to make up the armory of modern warfare.

We are fortunate in that the same kind of equipment, required to make our tools for peace, is also, without change, capable of making tools for war. A word as to the precise nature of our business will not, therefore, be inappropriate.

NATURE OF OUR BUSINESS

There appears to be a misconception, in some quarters, that this Company is engaged in manufacturing machine tools. This is a fundamental error. We are not set up to manufacture, and do not manufacture and sell, machine tools, except in minor instances; and we are not subject to the same conditions that apply to demand for machine tools. We make the small cutting instrument which is inserted and fixed in the machine tool apparatus. It is designed and



shaped to remove metal and create the desired form in the piece of metal which is being fabricated.

This cutting tool is a complex instrument which must be made with far greater than hair-breadth accuracy, and must be heat-treated, hardened and sharpened, so that it can cut through inferior metals, such as cast iron or semi-steel. After it has performed its function, during its normal life, by cutting a certain number of pieces, it becomes outworn, is cast aside, as scrap, and replaced by a new similar tool. In other words, our product is a perishable tool. And these tools are literally "made to order," that is, according to drawings and specifications for particular jobs. In consequence, the market can never be glutted with special tools; the customers never have any large reserve on hand; and, of course, we make them only when and as ordered.

As, in the time of war, these types of tools are used to produce all kinds of weapons, so, in time of peace, they are indispensable to the creation of all kinds of needed metal and mechanical devices. Moreover, although every facility of the Company is now used for war production, the self-same equipment is equally adapted for use the day peace comes to manufacture what is needed for peace-time pursuits. *Thus, we are fortunate in that we shall have no problem of change, or readjustment, of our production facilities when, at length, the happy day arrives that hostilities cease.*

NEW EQUIPMENT

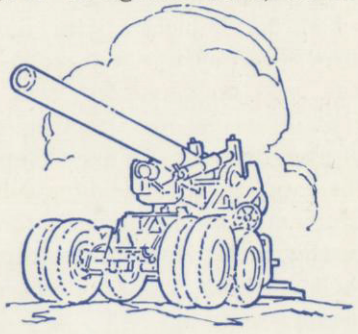
In last year's report, we made known that, at the request of the Government for increased output, provision was made to install additional machinery, costing about half a million dollars. All of this was purchased by the Government, and, with minor exceptions, has been put into operation during the past year. This new equipment we hold on a rental basis, and we have the right to purchase it after the war at its depreciated value, or may purchase it at a price to be reached by negotiation. But we are free to dispense with it, if we choose, without liability.

In addition, we have expended, during this year, from our own funds, for plant extention and equipment, the sum of $133,822.54.

EARNINGS, 1942

An examination of the figures included in this report will give you an insight as to our operations and earnings for the period. Due to the fact that we are engaged exclusively in vital war production, we are subject to explicit orders issued by the Government which preclude us from disclosing more detailed information than is here given.

Although the net earnings for 1942, before deduction for Federal income and excess profits taxes, were $584,341 as against $375,708 in 1941, the increased tax burden imposed by the new law caused a reduction in the net amount retained by the Company to $147,741, as against $230,708 in 1941. The actual amount of such taxes which the Company is required to pay for 1942 represents over $2.13 on each share of our stock outstanding. This, however, we are sure, will not be a cause of repining by our shareholders. They may justly feel that through the amount paid to our Government, each individual shareholder has made a contribution to the great cause for which we fight.



DIVIDENDS

During the past year dividends aggregating thirty (30) cents per share were paid, as com-

pared with a total of twenty-five (25) cents per share in 1941.

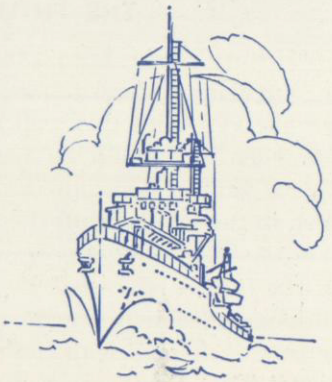
REGULATION "V" LOAN

Future difficulties are half solved as soon as they are foreseen. In obedience to this principle, we completed negotiations, last November, for a Revolving Credit Agreement with City National Bank & Trust Company of Chicago, which makes an aggregate sum of $700,000 available for our purposes.

Due to large inventories of raw materials and work in process, which must be carried on account of our huge backlog of war work, and the expanded personnel which consumes large sums for payroll, an excessive pressure on working capital necessarily results. This calls for more than ordinary banking accommodations. Moreover, it must be expected that when hostilities ultimately cease, adjustments are bound to take place which will lead to cancellations of existing contracts and orders.

In view of the conditions, both present and predictable, our Government made suitable provisions under which the many companies, subject to the conditions outlined, may obtain more than normal bank loans on the basis of guarantees given by the Government. These are known as Regulation "V" Loans. In addition, they contain a provision, of vital interest to us: that in the event of cancellation of contracts, or orders, for war production, no payments of principal or interest are required on the proportionate part of loans referable to such cancellations, until settlements have been made on claims based on cancelled contracts or orders.

To provide the additional working capital our business requires and to secure ourselves against the contingencies that may arise from cancellations, we took time by the forelock and arranged this $700,000 revolving credit. Borrowings may rise to the maximum and recede, as need be. In addition, this loan has freed our own funds sufficiently to enable us to purchase Federal Securities to cover our liability for 1942 taxes, and to continue, month by month, to make similar investments to insure payment of taxes for subsequent years. You will find in a note to the balance sheet, printed in this report, an abstract of terms of our Regulation "V" Loan.



ARMY-NAVY "E" AWARD

It is with pleasure that we report to you that the Army and Navy have conferred on The National Tool Company their mark of distinction, for excellence in war production. With simple, dignified and impressive ceremonies the Army-Navy "E" Pennant was presented in the presence of the entire staff of the Company—officers, directors, sales force, men and women of the factory and office.

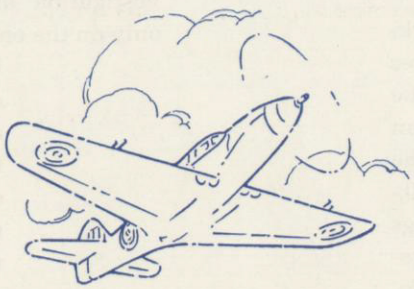
To the industrial companies also which helped us to achieve the "E" Award through co-operation in supplying equipment and materials, National Tool expresses deep appreciation.

We are gratified that this citation should come to us without the slightest solicitation or suggestion on our part. And we are pleased that it is based on a spontaneous Government investigation and report which lays stress not only on the enormous volume of vital tools which we have produced, but particularly on their high quality and extreme accuracy, as demonstrated by the fact that rejections are less than one-half of one per cent of our shipments. When you consider the microscopic limits of tolerance which our tools must meet, this is indeed a meritorious record.

THE FUTURE

"History," said Lord Macaulay, "has shown a singular disregard for the reputation of prophets." With this well founded warning in our ears, we should be reckless, indeed, were we to venture far into the field of prediction. Yet, in the minds of all the thoughtful and serious there is today the great question: What of the future, how shall we be affected by conditions which will prevail after the War? So must we, charged with the duty of guiding National Tool Company, constantly give heed to the question: What of its future? Today, we must bend every energy toward doing our full part to encompass the utter defeat of the enemies of our country. But we must also think of what is to follow the achievement of that much desired end.

It has been repeatedly pointed out by many well informed, discerning persons that for some years immediately following the end of the war, vast business expansion must necessarily follow. We have been told that the war is creating an enormous reservoir of future domestic demand for products, construction of which has been stayed to give place to war instrumentalities. There will be an urgent call for automobiles, trucks, farm implements, household appliances, improved machinery, now unavailable, and also, new products, and new forms of old products. We have been told that countless millions of men and women in China, India, Russia, South America, and elsewhere, are awakening and coming to a realization that they, too, are entitled to enjoy the things we have come to regard as not only desirable but indispensable. We are told also that devastated Europe must be rebuilt; that civilization must be reestablished, but everywhere on a higher plane than heretofore. All this we are told will create a huge demand for all that America can produce in field and factory.



The premises upon which these prognostications have been based, and the conclusions drawn, seem to us to be sound and well founded. If they are, it means that there will be a tremendous demand for the tools which we are equipped to produce. Not only shall we be called upon to make special tools for such things as have been produced in the past, but as new products are conceived and designed, new tools will have to be provided in order to make their creation possible.

All we can say is that if this vision of a busy and happier world comes to pass, *we are ready*. Our factory, equipment and administrative personnel are more adequate than ever before. Our development department is alert and ingenious. We have evolved and possess the technique, the "know how," by which to produce the difficult, high quality, precision, special tools which are prerequisite to the developments of the future. That, we deem, is our most valuable asset.

If, then, the world is to go forward, as we may reasonably expect, the future of The National Tool Company, in which each shareholder has a stake, should indeed be bright.

To every loyal employee, man and woman, in every service, who has given his level best to this Company and thus to the transcendent cause of our Nation, we render our gratitude and commendation. To those who have left us to become part of the armed forces of our Country, we bear our message of hope, courage and fortitude, our deep sense of everlasting obligation, and our prayers for their safe and speedy return.

Respectfully submitted, pursuant to the order of The Board of Directors.

A. J. Brandt
President

S. J. Kornhauser
Executive Vice President

ERNST & ERNST

Certified Public Accountants

Board of Directors,
The National Tool Company,
Cleveland, Ohio.

We have examined the balance sheet of The National Tool Company as of December 31, 1942, and the statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate. Except that it was not practicable to confirm receivables from United States Government departments, as to which we have satisfied ourselves by means of other auditing procedures, our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary with inventories determined by procedures described in Note B to the balance sheet and in the following paragraph, which we considered practicable under present production requirements for war purposes.

The amount stated for inventories was based upon book records of the Company and, except for test checks made from time to time as quantities were low, no physical inventories have been taken since December 31, 1940. We reviewed inventory records maintained by the Company and made tests of computations and pricing. Based upon our examination of inventory and other records, we have no reason to believe that the net amount shown for inventories is unfairly stated. No provision has been made for possible postwar adjustments and contingencies.

In our opinion, subject to the comments in the preceding paragraph, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the position of The National Tool Company at December 31, 1942, and the results of its operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST,
Certified Public Accountants

Cleveland, Ohio
March 15, 1943

BALANCE SHEET

THE NATIONAL TOOL COMPANY,

ASSETS

CURRENT ASSETS			
Cash:			
Demand deposits and on hand		$ 52,841.83	
Collateral account—Note A		49,765.16	$ 102,606.99
United States certificates of indebtedness—due December 1, 1943—Note A			100,072.00
Accounts receivable:			
Regular accounts—Note A	$272,659.65		
United States Government departments	43,389.65	$316,049.30	
Less reserve		1,000.00	315,049.30
Inventories—Note B:			
Finished and in-process products, raw materials, and supplies		$761,668.16	
Less reserve		55,000.00	706,668.16
Advance on purchases			23,000.00
TOTAL CURRENT ASSETS			$1,247,396.45
INVESTMENTS AND OTHER ASSETS			
Postwar refund of excess profits tax—estimated		$41,400.00	
Cash surrender value of life insurance		7,263.93	
Mutual insurance and other deposits		4,675.83	
Account receivable from officer for stock purchased		2,000.00	
Employees and miscellaneous accounts receivable, etc.		2,547.17	57,886.93
PROPERTY, PLANT, AND EQUIPMENT—at cost, less reserves for depreciation and amortization			
Land		$ 39,103.98	
Buildings, machinery, equipment, etc.	$456,885.16		
Less reserves for depreciation	231,122.16	225,763.00	
Emergency facilities:			
Buildings, machinery, and equipment	$195,965.19		
Less reserves for amortization	42,455.69	153,509.50	418,376.48
PATENTS—at cost, less amortization (includes the carrying amount of $1.00 for good will, patents, etc., charged off in 1935)			6,146.99
DEFERRED CHARGES			
Deferred tool expense		$ 25,699.59	
Prepaid insurance, taxes, etc.		9,838.06	35,537.65
			$1,765,344.50

DECEMBER 31, 1942

LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES				
Notes payable:				
To bank—Regulation V loan—Note A			$600,000.00	
To bank—first mortgage note —Note C			48,833.38	$ 648,833.38
Accounts payable:				
Trade accounts			$ 68,787.12	
Salaries, wages, and commissions			91,738.40	
Pay roll taxes			15,310.92	175,836.44
Accrued federal capital stock tax, rent, etc.				21,536.72
Federal taxes on income—estimated (includes $20,512.17 unused provision for prior year)			$498,512.17	
Less United States Treasury Notes—Tax Series—at cost (purchased and held for payment of such taxes)			270,000.00	228,512.17
TOTAL CURRENT LIABILITIES				$1,074,718.71
CAPITAL STOCK AND SURPLUS				
Capital stock—Note D:				
Common stock, par value $1.00 a share:				
Authorized 600,000 shares:				
Outstanding	224,444 shares	$224,444.00		
Reserved for exchange of preferred and common shares of predecessor company	316 shares	316.00	$224,760.00	
	224,760 shares			
Surplus:				
Capital surplus			126,915.96	
Earned surplus			338,949.83	690,625.79
				$1,765,344.50

See notes on following page.

NOTES TO BALANCE SHEET

THE NATIONAL TOOL COMPANY

December 31, 1942

Note A — Regulation V loan agreement for a maximum amount of $700,000.00 provides for assignment to the bank of certain accounts receivable and unfilled orders. It is provided that the principal amount of the loans outstanding at any time shall not exceed 66⅔% of the amounts due and to become due to the Company upon performance of all then existing war production contracts assigned to the bank. At December 31, 1942, the assigned accounts receivable and unfilled contracts aggregated approximately $250,000.00 and $1,700,000.00, respectively, and cash collateral account amounted to $49,765.16 at that date. The Company also agreed to deposit with the loaning bank sufficient cash or government obligations to cover estimated federal taxes on income. At December 31, 1942, U. S. Certificates of Indebtedness and Treasury Tax Notes in the respective amounts of $100,000.00 and $270,000.00 had been deposited in connection with an estimated liability of $478,000.00 for federal taxes on income of the year. The loan agreement also contains certain restrictions as to the amounts of dividends which may be paid and net working capital which must be maintained.

Note B — Inventory quantities of finished products, raw materials, and supplies were determined from continuous book records which are tested periodically with quantities on hand. Work in process has been compiled from cost records, no physical inventories having been taken at December 31, 1942. The inventories are priced generally at standard costs which have been reduced to estimated actual costs through the provision of a reserve. It is believed that adequate inventory records and control are maintained and that inventories are fairly stated.

Note C — This note is payable in consecutive monthly installments of $4,166.67 each. In addition to the monthly payments the payee has the right to request, on or before April 1, 1943, the payment by the Company of 50% of its net earnings in excess of $50,000.00 for the year.

Note D — In connection with the underwriting of 41,000 shares of the capital stock of the Company during the year 1939, the Company has granted to the underwriter an option to purchase all or any part of 10,000 shares of authorized but unissued common stock of the Company, at a price of $2.50 per share, at any time or from time to time during a period of three years from January 2, 1940, and at a price of $3.00 per share at any time or from time to time during a period of three years from January 2, 1943. During the year the underwriter exercised his option as to 5,000 shares.

Note E — The Company has been named defendant in certain law suits involving the use of certain patents. It is the opinion of counsel for the Company that no material liability exists with respect to this litigation.

Note F — Reference is made to Note A to the summaries of profit and loss and surplus relative to profits of the Company subject to provisions of the War Profits Control Act.

SUMMARIES OF PROFIT AND LOSS AND SURPLUS

THE NATIONAL TOOL COMPANY

Year ended December 31, 1942

PROFIT AND LOSS

Net sales, less cost of products sold		$946,542.67
Other income:		
Profit on disposal of depreciable assets		3,533.98
Miscellaneous		680.35
		$950,757.00
Less:		
Selling, general, and administrative expenses	$362,314.17	
Interest expense	4,101.61	366,415.78
PROFIT BEFORE TAXES ON INCOME		$584,341.22
Federal taxes on income:		
Provision for the year—estimated:		
Normal income tax and surtax	$ 64,000.00	
Excess profits tax	414,000.00	
	$478,000.00	
Less postwar refund of excess profits tax	41,400.00	436,600.00
NET PROFIT		$147,741.22

Provision for depreciation and amortization for the year amounted to $55,360.34.

SURPLUS

Capital surplus:	
Balance at January 1, 1942	$119,265.96
Excess of selling price over par value of 5,100 shares of common stock sold at $2.50 a share	7,650.00
BALANCE AT DECEMBER 31, 1942	$126,915.96
Earned surplus:	
Balance at January 1, 1942	$258,521.81
Add net profit for the year	147,741.22
	$406,263.03
Deduct cash dividends paid—$0.30 per share	67,313.20
BALANCE AT DECEMBER 31, 1942	$338,949.83

Note A — The Company has been requested by a department of the United States Government to submit data relating to the consideration of renegotiation of profits subject to provisions of the War Profits Control Act. The effect, if any, of possible renegotiation proceedings upon the financial statements of the Company cannot be foreseen at this time. Any refund of profits that might result would be after credit of the amount of applicable income and excess profits taxes paid thereupon.

THE CO-WORKERS

Your Company's Honor Roll of the men who are serving their nation's war effort on land, on sea and in air has passed the one hundred mark, and to them go our sincere wishes for their well-being and safe return. To replace them in the factory's ranks has been a difficult task, but we have been fortunate in finding willing and able workers to help maintain peak production.

National Tool is proud of its men and women whose skill and energy and persistence won the coveted Army-Navy "E" Award for production. They are doing their full share on the home front. They are turning out war materials at a record-breaking pace, and are helping Cleveland to become known as a "mighty fortress on America's industrial front."

The co-workers of National Tool are bond buyers, blood donors, participants in all of the war efforts. They prove by action their belief that there is just one important business in America today, and that is to *win the war.*

Steve Pinkos, president of The Employees' Society, accepts Award pins

Backing your workers efficiently is a comprehensive research laboratory and precision machinery, much of it made in the factory to meet exacting needs.

"—men and women of skill, energy and persistence"

PRECISION — Speeds Victory

Among the Products of National Tool

Hobs
Gear Cutters
Gear Shaper Cutters
Milling Cutters
Reamers
Broaches
Counterbores
Slitting Saws
Circular and Flat Form Tools
Special Tools

National metal cutting tools made to order for manufacturing today's wartime implements and tomorrow's peacetime products

In the laboratory and workrooms of The National Tool Company a continuous effort is made to develop precision. Quality workmanship has always been characteristic of the Company's products, known internationally for their precision and durability.

To achieve its goals, National Tool makes its own machinery and employs both scientific knowledge of materials and engineering experience with the processes of manufacture.

Battery of external grinders

The Army-Navy "E" symbols serve as constant reminders to give fully of our energy, our enthusiasm, our efficiency — for God, for man, for Liberty.

Flag raising by U. S. Coast Guard (upper left); Executive Vice President Kornhauser, Mayor Frank J. Lausche of Cleveland and President Brandt (center); Lt. Col. Theodore H. Eickhoff, representing the U. S. Army (right); part of audience looking toward stage (lower left)

BLUEPRINTS OF THE FUTURE

A Publication with a Purpose

A new feature of your Company's relations program is the publication of a monthly house organ, designed to interest both the trade and the working force.

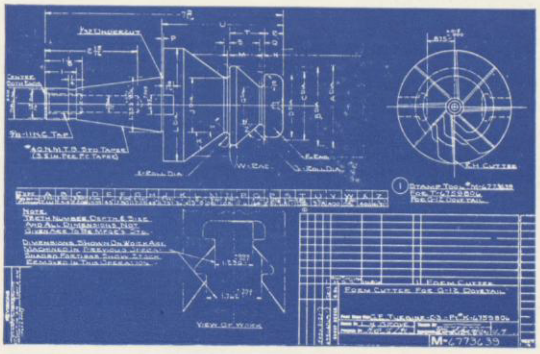
The title, BLUEPRINTS OF THE FUTURE, indicates the character of the feature articles—authoritative stories dealing with the future of important industries and with scientific and planning activities. The editor is William Ganson Rose.

Through this medium and trade-journal advertising the public is being impressed with this fact: National Tools, Cleveland-made, are helping to fabricate airplanes, battleships, tanks and other machinery of war today and will be ready for peacetime production.

In the first editorial President Brandt sounded the Company's attitude toward the nation's future in the following words:

"The United States should attain, by careful planning, an economy of abundance, using to the full our productive resources, striving for the security of all of our people, justly rewarding ownership and labor, and preserving the principles of free enterprise and democracy.

"Let vision, realism and godliness combine in making this blueprint of the future!"



Peacetime Values from a War Technology

By DR. GUSTAV EGLOFF
Director of Research, Universal Oil Products Company
President, American Institute of Chemists

In a world at war one gets the impression that all forces are solely for destruction. When war ends, the new technology will quickly, efficiently and effectively convert the war effort to the pursuits of peace. With the tremendous increase in research and development, the commercialization of processes has occurred which would have taken years under normal conditions to reach fruition. Out of the welter of the war effort, values will flow that will increase man's effective span of life with greater satisfaction for living.

Science has already prolonged and saved man's life through germ killing chemicals, new anaesthetics and synthetic vitamins. Through scientific and technical research our food supply has increased in quantity and quality. Synthetic textiles have provided us with more beautiful, durable and sanitary clothing. Plastics will revolutionize the building arts, for the trend is to supplant many house-building and house-furnishing materials with plastics when they can be released.

Let us look at the transportation situation first. The petroleum industry will play a controlling part in this. Airplanes hurtling through the air at over five hundred miles an hour carrying a thousand or more passengers will make all parts of the world less than twenty-four hours away from Chicago. Luxurious as

* * * * * * * * * *

GOAL

Blueprint the future course
Lest chance decide your fate;
If you would climb the heights,
Make well your plan and then
Hold to it with a will—
Your forward march each day
Will take you toward your goal.

* * * * * * * * * *

the Normandie and Queen Mary were for ocean travel, airships yet to come will operate with a smoothness and comfort unknown today. Low cost air travel and jitney planes should be within the pocketbook of every American.

Increase in air travel will be made possible primarily by the capacity of the oil industry, increased by wartime demands to produce 100 and higher octane gasoline, and by the amazing developments in airplane design, material and construction that have been forced by the hard hand of war necessity.

The same technique and the same processes that produce 100-octane gasoline in almost unlimited quantities for airplane use will also mean greatly improved fuel for automobiles, in fact at least fifty percent more miles per gallon. We may hazard a guess that the automobiles to come after the war will give new pleasure to driving because of their improved design, speed and safety.

In the short span of twenty-five years, man has entirely revolutionized transportation through the design and construction of the automobile and airplane and petroleum products. By careful study and experimentation, it is certain we can produce from petroleum better rubber than was ever obtained from trees or plants, and tires which will give 100,000 miles or more of trouble-free service are a reasonable expectation of the future.

Prior to the previous war it was thought that if one wanted to study chemistry, physics, mathematics or medicine, one had to go to Germany,

(*Continued on Page Four*)

LOOKING AHEAD

Two important responsibilities confront American industry today: Contributing wholeheartedly to the war effort and at the same time planning a future that will sustain employment and benefit the nation.

The critical period converting industry from the rush of wartime production to the manufacture of seriously needed civilian goods will be a challenge to American resourcefulness and patience.

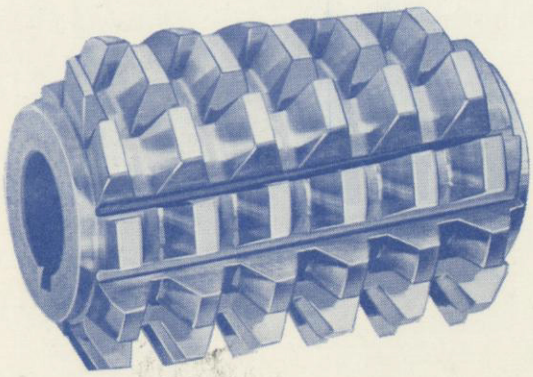
Metal cutting tools to fulfill exacting purposes will be in great demand. The National Tool Company will be ready to meet the new conditions and to co-operate with the nation's manufacturers.

More than ever, the world appreciates that tools are the shapers of progress.

PLAN

Let fervent faith and works unite
To set this wobbly world aright;
For Liberty we'll take our stand
Until it thrives in every land.

Our goal in Forty-three is: Plan
To win the war for God and man;
And may our efforts never cease
Until ere long we win the peace.



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